

## LONDON BOROUGH OF LEWISHAM

### Scheme for Basic, Special Responsibility and other Allowances

#### Report of Sir Rodney Brooke CBE DL

- 1. Introduction.** The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') provide for the making of allowances to councillors. They require each local authority to make a scheme for the payment of a basic allowance and, if the Authority intends to make such payments, to make provision also for the payment of special responsibility (SRA), travelling and subsistence and co-optees' allowances. Before a local authority makes or amends a scheme it must have regard to the recommendations of an independent remuneration panel. The Regulations authorise the establishment by the Association of London Government (now *London Councils*) of an Independent Remuneration Panel ('the London Panel') to make recommendations in respect of the members' allowances payable by London boroughs. Such a Panel was established and now comprises myself (Chair), Steve Bundred and Anne Watts CBE. In January 2018 the Panel updated its previous recommendations. As was the case in 2010 and 2014, I have been asked by the Council to advise on how the London Panel's recommendations (which allow considerable flexibility in special responsibility allowances having regard to different managerial systems in each London borough) can be adapted for the Council's scheme on members' allowances.
2. The quality of local democracy depends on the ability of councils to attract able people to serve as councillors. The Government-appointed Councillors' Commission took the view (which the London Panel quotes in its 2014 report) that 'Allowances should be set at a level that enables people to undertake the role of councillor while not acting as an incentive to do so. Allowances are not shown by polls to be something which influences councillors to take on the role, though they are instrumental in making it possible for some people to do so. If it is important that there are no financial incentives to being a councillor, it is equally important that there should not be a financial disincentive.' The London Panel points out that 'it is clearly desirable that service as a councillor is not confined to those with independent means.' I share the belief of the Councillors' Commission and the London Panel that, in the public interest, councillors should receive reasonable remuneration – both to enable people of

ability to serve; and to enable them to devote sufficient time to the role of councillor. Councillor Sir Merrick Cockell, when chairman of the Local Government Association (and a former chair of *London Councils*) agreed, asserting that 'fair remuneration is important so that people from all walks of life can afford to stand for office. Otherwise we risk local government becoming the exclusive preserve of a privileged few who have the luxury of time and money to spare'.

3. Despite my recommendations and those of the London Panel, Lewisham Council has not increased the quantum of members' allowances since 2008. Councillors are now further financially disadvantaged by the removal of their right to contribute to the Local Government Pension Scheme (with a consequential saving to the Council of over £111,000). I well understand the reluctance to increase councillors' allowance: during that period Lewisham councillors have been constrained to cut £160m from the Council's spending. They face the necessity to make a further £44m of cuts over the next three years. The Council must make these cuts at a time when the demand for public services is increasing, most notably from the growing number of old people and the consequential increase in demand for social care. The strain on and competition for resources increase the demands made on elected members. It is vital that able people are enabled to serve as councillors in Lewisham. I believe that the long-term interest of local democracy in Lewisham will be damaged if the Council continues to freeze members' allowances.
4. The Regulations allow annual updating of members' allowances by reference to a specific indicator for up to four years. The London Panel recommends annual updating in accordance with the rate by which local government pay settlement salaries are increased. During the last eight years, local authority employees have received successive pay increases of 1%, 2.2%, 1%, 1% and 2% negotiated with the National Joint Council for Local Government Services (NJC). Had those increases been applied to Lewisham members' allowances (as the London Panel and I recommended), the Basic Allowance would now be £10,538 (not £9,812); the Mayor's Special Responsibility Allowance £83,475 (not £77,722); the Deputy Mayor £54,413 (not £50,412); Cabinet members £16,430 (not £15,298); Chair of Overview & Scrutiny Committee £13,167 (not £12,260); Chair of Council, Chairs of Overview & Scrutiny Select Committee, Chairs of Planning and Licensing Committees £6,583 (not £6,130); Chair of Labour Group £5,665 (not £5,275). During that period Lewisham councillors have not only received no increase in their allowances but have suffered further financial loss by losing access to the local government pension scheme.
5. Over the years of its existence, the recommendations of the London Panel have led to a considerable (and desirable) convergence of the quantum of allowances across London, particularly in respect of the Basic Allowance.

Partly as a result of the failure to implement NJC negotiated increases, the members' allowances in Lewisham are consistently below the minima recommended by the London Panel and allowances paid by comparable authorities: Basic Allowance £9,812 (London £11,045); Chairs of Council, Overview & Scrutiny Select Committees and Planning and Licensing Committees £6,130 (London £16,207); Chair of Overview & Scrutiny Committee £12,260 (London £36,917); Cabinet member £15,298 (London £36,917); Mayor £77,722 (London £85,162).

6. **Freeze on allowances.** In 2010 I recommended an increase in the **Basic Allowance** to the then Greater London recommended level of £10,597, provided that the Council agreed that it should cover travel and subsistence within the Borough, The Council did agree that the Lewisham Basic Allowance (and the Mayor's Allowance) should include travel within the Borough and subsistence within the Greater London area, but did not increase the Basic Allowance (or the Mayor's Allowance). Since then the Lewisham Mayor and councillors, unlike employees, have had no increase in their allowances, as well as losing their entitlement to enter the local government pension scheme. I am acutely conscious of the severe financial strain on the Council's finances but, bearing in mind the financial loss suffered by the withdrawal of the right to pensions and the consequential saving to the Council, I believe that the freeze on members' and co-optees' allowances should now end. I would like to recommend that allowances catch up with the increases in staff pay since 2008, but I recognise that the implementation of such an increase would be difficult in the present financial climate. In the circumstances I **recommend that the allowances for the Mayor, Deputy Mayor, members and co-optees (other than the allowances mentioned in paragraphs 7 and 9 of this report) be increased by the headline National Joint Council (NJC) 2018 local government pay settlement of 2% with effect from the beginning of the 2018-19 municipal year; that the freeze on allowances be ended; and that allowances be increased during the next four municipal years by the headline figure in the NJC local government pay settlements.** My recommendation will not allow allowances to catch up with the pay increases enjoyed by employees over the last ten years, but it will move the allowances marginally towards the London-wide recommendations and the amounts paid by comparable London boroughs. It will do something to mitigate the loss of pension rights suffered by councillors. It will signal the importance of councillors both to local democracy and the future of Lewisham. I hope that in future Lewisham members' allowances can catch up with the recommended London levels.
7. **Cabinet Members.** Though Lewisham allowances are generally below the London recommendations, one or two seem disproportionately out-of-line, given their importance in Lewisham. **Cabinet Members** currently receive £15,298, where the London Panel recommends a minimum special responsibility allowance of £36,917. There was hitherto some justification for

this, in that the Mayor retained decision-taking powers. The new Mayor has decided to entrust collective decision-taking to the Cabinet rather than retaining decision-taking powers himself. Unlike cabinet members elsewhere, they will not have individual decision-taking powers. However, their special responsibility allowance is clearly unrealistic in relation to their responsibilities. **I recommend that Cabinet Members should receive a special responsibility allowance of £20,000 (including the NJC pay award).** Within the Cabinet the Mayor proposes that two portfolios (Finance, Skills and Jobs; and Parks, Neighbourhoods and Transport) should be shared between two Cabinet members. Given the statutory maximum number of cabinet members, each will serve as a member of the Cabinet for six months in any calendar year. At the Mayor's invitation the councillor not serving as a member of the Cabinet may attend Cabinet but not vote. With this in mind, **I recommend that where Cabinet portfolios are shared between members both should receive half the remuneration of a Cabinet member.**

8. **Chair of Strategic Planning Committee.** The Chair of the Strategic Planning Committee currently receives a special responsibility allowance of £9,195. In my 2014 report I expressed the belief that the responsibilities of the Chair of the Strategic Planning Committee justified a higher level of allowance than that then granted. Given the continued importance and complexity of strategic planning in the borough, I continue to believe that the role has greater importance than that recognised by the special responsibility allowance currently attaching to it. In my view the role has the same importance as that of the Chair of the Overview & Scrutiny Committee. I therefore **recommend that the Chair of the Strategic Planning Committee receive the same special responsibility allowance as the Chair of the Overview & Scrutiny Committee (currently £12,260).**
9. **Other Special Responsibility Allowances.** The present Scheme provides for a special responsibility allowance of £5,275 for Leaders of political groups with 15 or more members (or for the Chair of the Labour Group) and for the Majority Party Whip. There are currently no members of the Council from opposition parties. This brings greater challenges and responsibilities for the Chair of the Majority Group and the Whip of the 'Majority' Party, including training and development of councillors. **I therefore recommend that the Chair and Whip of the Majority Group (and Leaders of political groups with 15 or more members) should receive special responsibility allowances of £9,000.**
10. **Lewisham Homes.** Management of Lewisham Council's housing is entrusted to an Arm's Length Management Organisation (an 'ALMO'), *Lewisham Homes*. On behalf of the Council, *Lewisham Homes* manages 12,500 homes, operating its own maintenance function. The ALMO clearly has a major responsibility and proposes to remunerate its directors (who are required to attend something of the order of twenty meetings annually) by paying them £3,500 pa. The ALMO Board includes three Lewisham councillors. Under the Local

Authorities Companies Order 1995, the ALMO cannot remunerate councillors in excess of an amount paid to a councillor for comparable duties under the Lewisham Members' Allowances Scheme. The current Members' Allowances Scheme does not include any comparable duties. It is clearly reasonable that Lewisham councillors should receive the same amount as non-councillors for their services on *Lewisham Homes*. Regulation 5 (1) of the Regulations provide for payment of allowances where councillors represent the Council at meetings of another body or where carrying out activities in relation to the discharge of the Council's functions which require of the member an amount of time and effort equal to or greater than would be required of him by any of the activities for which a Special Responsibility Allowance could be paid. In these circumstances, **I recommend that councillors serving on the Board of Lewisham Homes should receive a Special Responsibility Allowance of £3,500.**

11. **Dependants' Carer's Allowance.** The scheme currently provides for payment of a dependants' carer's allowance equivalent to the London living wage, plus travelling expenses. This is entirely appropriate: it is important that service on the Council should be made possible for those with caring responsibilities. **I recommend that the Scheme continues to make provision for payment of a dependants' carer's allowance and that in special circumstances (eg for care of a severely disabled person) the Council should reimburse a higher cost where this can be justified.**
12. **Travel and subsistence allowances.** The scheme currently specifies the rates of travel and assistance allowances entitled to be claimed by the mayor and councillors. In the interests of consistency and ease of implementation, **I recommend that the Mayor and councillors be entitled to claim for travel outside the borough and subsistence allowances outside Greater London at the same rates as those prescribed for staff of the authority.**
13. **Date of implementation.** **I recommend that the date of implementation of my recommendations be the commencement of the 2018-2019 municipal year.**
14. **Other.** The current Scheme of Allowances for the Borough is well-designed and **I recommend that it continue unchanged except for the recommendations in this report.**
15. **Summary of Recommendations**
  - (a) **The allowances for the Mayor, Deputy Mayor, members and co-optees (other than the allowances mentioned in recommendations (c) and (f) below) should be increased by the headline National Joint Council (NJC) 2018 local government pay settlement of 2% with effect from the beginning of the 2018-19 municipal year.**

- (b) The freeze on members' allowances should be ended and allowances increased during the next four municipal years by the headline figure in the NJC local government pay settlements.**
- (c) Cabinet Members should receive a special responsibility allowance of £20,000 (including the 2018 pay award referred to in recommendation (a) above).**
- (d) Where Cabinet portfolios are shared between members, both should receive half the remuneration of a Cabinet member.**
- (e) The Chair of the Strategic Planning Committee should receive the same special responsibility allowance as the Chair of the Overview & Scrutiny Committee.**
- (f) The Chair and Whip of the Majority Group (and Leaders of political groups with 15 or more members) should receive special responsibility allowances of £9,000.**
- (g) Councillors serving on the Board of Lewisham Homes should receive a Special Responsibility Allowance of £3,500.**
- (h) The Scheme should continue to make provision for payment of a dependants' carer's allowance and that in special circumstances (eg for care of a severely disabled person) the Council should reimburse a higher cost where this can be justified.**
- (i) The Mayor and councillors should be entitled to claim for travel outside the borough and subsistence allowances outside Greater London at the same rates as those prescribed for staff of the authority.**
- (j) The date of implementation of my recommendations should be the commencement of the 2018-2019 municipal year.**
- (k) Other than the recommendations above, the members' allowances scheme should continue unchanged.**

**Rodney Brooke**

**8 July 2018**